

**SIOUX COUNTY, IOWA
Independent Auditors' Report
Financial Statements
And
Other Supplemental Information
Schedule of Findings
June 30, 2016**

SIoux COUNTY, IOWA

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SIOUX COUNTY, IOWA

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SIOUX COUNTY, IOWA

County Officials

Name	Title	Term Expires
Mark Sybesma	Board of Supervisors	January, 2017
Al Bloemendaal	Board of Supervisors	January, 2017
Dennis Wright	Board of Supervisors	January, 2019
Arlyn Kleinwolterink	Board of Supervisors	January, 2019
John Degen	Board of Supervisors	January, 2017
Lois Huitink	County Auditor	January, 2017
Randall Jacobsma	County Treasurer	January, 2018
Anita Van Bruggen	County Recorder	January, 2018
Dan Altena	County Sheriff	January, 2017
Thomas Kunstle	County Attorney	January, 2018
Ross Simmelink	County Assessor	January, 2021

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Sioux County, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sioux County, Iowa (the County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sioux County, Iowa as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the county's proportionate share of net pension liability, schedule of county contributions and schedule of funding progress for the retiree health plan on pages 7 through 14 and 47 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included on pages 53 through 68, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information on pages 53 through 68 is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 53 through 68 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 6, 2017, on our consideration of Sioux County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sioux County's internal control over financial reporting and compliance.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
March 6, 2017

SIoux COUNTY, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SIoux COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDED JUNE 30, 2016. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

2016 FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of FY16 by \$71,071,048 (net position).
 - Sioux County's total net position increased by \$3,400,024 from FY15.
 - As of the close of FY16, Sioux County governmental funds reported combined ending fund balances of \$18,862,213, a decrease of \$1,136,566 in comparison with the prior year.
 - At the end of FY16, unassigned fund balance for the general fund was \$2,557,022, or 34% of total general fund expenditures.
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USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Sioux County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Sioux County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Sioux County acts solely as an agent or custodian for the benefit of those outside of the government (Agency Funds).

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of Sioux County's budget for the year, the County's proportionate share of net the pension liability and related contributions, as well as presenting a schedule of funding progress for retiree health plan.

Other Supplementary Information provides detailed information about the non-major governmental and individual Agency Funds.

REPORTING THE COUNTY AS A WHOLE

Government-Wide Financial Statements

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **Statement of Net Position** presents all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **Statement of Activities** presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The **fund financial statements** provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The county has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) Capital Projects Funds. These funds are reported using

the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the County Assessor to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

- 3) A proprietary fund accounts for the County's partial funding of health insurance deductibles, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in fund net position and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Sioux County's net position for FY16 totaled \$71,071,048. This compares to FY15 at \$67,671,024. The analysis that follows focuses on the components of net position for the governmental activities.

Net Position of Governmental Activities

	2015	2016
Current and other assets	\$ 31,371,385	\$ 30,939,239
Capital assets	61,092,880	61,225,643
Total Assets	92,464,265	92,164,882
Deferred outflows of resources:		
Pension related deferred outflows	708,739	1,394,766
Total deferred outflows of resources	708,739	1,394,766
Long-term liabilities outstanding	9,314,165	9,230,784
Other liabilities	4,882,533	1,569,609
Total liabilities	14,196,698	10,800,393
Deferred inflows of resources:		
Unavailable revenue – Subsequent year property taxes	9,727,121	10,426,531
Pension related deferred outflows	1,578,161	1,261,676
Total deferred inflows of resources	11,305,282	11,688,207
Net Position:		
Net Investment in capital assets	54,266,438	54,809,651
Restricted	14,197,522	15,807,091
Unrestricted	(792,936)	454,306
Total net position	\$ 67,671,024	\$71,071,048

The County's net position increased \$3,400,024 during the current year. The largest portion of the County's net position is the County's net investment in capital assets (e.g. land, infrastructure, intangibles, buildings and equipment), less the accumulated depreciation and related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation as to how they can be used.

Unrestricted Net Position – The part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of \$792,936 at June 30, 2015 to a balance of \$454,306 at the end of this year, an increase of 157.3%.

The increase in unrestricted net position was attributable in large part to the implementation of Governmental Accounting Standard's Board Statement No. 68 during FY15, which required all governments to calculate pension liabilities (IPERS). This caused the unrestricted net position to show a deficit in FY15.

Restricted Net Position – The portion of net position subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used – increased from \$14,197,522 at June 30, 2015 to \$15,807,091 at the end of this year, an increase of 11.33%.

Governmental Activities – Governmental activities increased the County's net position by \$3,400,024. Key elements of this increase are as follows:

Changes in Net Position of Governmental Activities

Revenues:	2015	2016
Program revenues:		
Charges for service and sales	\$ 1,761,901	\$ 1,837,159
Operating grants and contributions	5,538,193	6,266,187
Capital grants and contributions	2,095,528	1,932,647
General revenues:		
State Tax Credits	612,842	663,566
Local Option Sales Tax	1,482,626	1,488,936
Property tax	9,324,382	9,398,935
Interest and penalties on taxes	69,063	82,689
Unrestricted investment earnings	76,618	93,998
Gain on sale of assets	15,037	7,387
Miscellaneous	599,482	324,161
Total revenues	21,575,672	22,095,665
Program expenses:		
Public safety and legal services	4,048,711	4,195,690
Physical health and social services	709,500	710,070
Mental health	1,148,117	1,430,970
County environment and education	1,579,901	1,471,592
Roads and transportation	7,481,592	7,721,775
Government services to residents	874,687	818,117
Administration or general government	1,721,962	1,973,120
Non-Program Services	13,696	59,630
Interest on long-term debt	329,282	314,677
Total expenses	17,907,448	18,695,641
Increase in net position	3,668,224	3,400,024
Net position beginning of year	64,002,800	67,671,024
Net position end of year	\$ 67,671,024	\$ 71,071,048

- Operating grants and contributions increased due to an increase in road uses taxes. The County receives this money directly from the State of Iowa.
- Non-Program Services increased in FY16 due to an increase in purchases of fertilizer and seed. These type of purchases are not made every year.
- Miscellaneous revenues were more in FY15 due to a reimbursement for a city road project in the Secondary Road Fund. Revenues for FY16 closely reflect the budgeted amounts.

BUDGETARY HIGHLIGHTS

Over the course of the year, Sioux County amended its budget two times. The first amendment was made November 5, 2015, and resulted in the use of reserves by \$1,050,000. The main purposes of the amendment was to adjust for additional spending in the Mental Health Department, as well as, increased spending in the County Environment and Education Department.

The second amendment was made on April 26, 2016, and resulted in the use of reserves by \$200,000. The main purpose of the amendment was to adjust for increased expenditures related to a pipeline inspection and increased grant funding in the Public Health Department.

The County's total receipts on a cash basis for FY16 were \$21,471,553. The County budgeted \$19,259,266 as projected revenues, for a difference of \$2,212,287, a variance of 11.49%.

Total cash disbursements in FY16 were \$23,902,317. The County budgeted total disbursements to be \$23,332,103. This represents \$570,214 more cash disbursements than what the County budgeted for.

INDIVIDUAL MAJOR FUND ANALYSIS

As Sioux County completed the year, its governmental funds reported a combined fund balance of \$18,862,213.

The General Fund, as the operating fund of Sioux County, ended FY16 with a balance of \$3,221,582. The General Fund ending fund balance in FY15 was \$2,450,681. This represents an increase of \$770,901.

The Rural Services Fund ended FY16 with a balance of \$2,479,762. The ending fund balance for FY15 was \$3,266,785. This represents a decrease of \$787,023.

The Secondary Road Fund ended FY16 with a balance of \$11,417,184. The ending fund balance for FY15 was \$8,887,949. This represents an increase of \$2,529,235. The county is increasing this Fund's balance to save for upcoming road and bridge projects.

The Urban Renewal District #1 Fund ended FY16 with a deficit fund balance of \$1,422,130. The ending fund balance for FY15 was a deficit balance of \$1,282,992. This represents a decrease of \$139,138.

The Debt Service Fund ended FY16 with a balance of \$200,961. The ending fund balance for FY15 was \$3,534,668. This represents a decrease of \$3,333,707.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY16, Sioux County had \$61,225,643 invested in capital assets, net of accumulated depreciation compared to \$61,092,880 at the end of FY15.

Capital Assets of Governmental Activities at Year End

	2015	2016
Land	\$ 4,225,514	\$ 4,313,188
Buildings and improvements	12,367,796	12,664,590
Equipment	14,048,841	14,501,439
Infrastructure	71,489,692	75,385,370
Construction in Progress	3,537,798	2,302,441
Totals	\$ 105,669,641	\$ 109,167,028

The County had depreciation expense of \$3,708,736 for the year and total accumulated depreciation of \$47,941,385 at June 30, 2016. Additional information on the County's capital assets can be found in Note 6 of the financial statements.

Debt

Sioux County is assigned an **Aa2** rating from Moody's Rating Committee for its General Obligation Bonds.

At the end of FY16 Sioux County had bonded indebtedness of \$5,815,000. The bonded indebtedness at the end of FY15 was \$9,890,000. General obligation debt relates to the issuance of general obligation bonds for the Public Safety Center construction and the Urban Renewal Road Project which continues to decrease as scheduled principal payments are made. Additional information on the County's long term debt can be found in Note 7 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Sioux County's elected and appointed officials and citizens considered many factors when setting the FY16 budget, tax rates, and fees that finance the various County services. Tax rates decreased slightly for FY16.

The General Fund ended FY16 with \$770,901 more than the FY15 ending balance. (The County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis.) Many factors were taken into account when adopting the budget for FY17. Amounts appropriated in the General Fund are approximately \$9,825,132. Amounts

appropriated in Special Revenue Funds are approximately \$12,413,891. Debt Service appropriations are \$873,215

If these estimates are realized in FY17, Sioux County's General Fund balance is expected to increase at FY17 year end. The Rural Fund balance is expected to drop slightly from FY16 year end.

CONTACTING THE COUNTY'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Sioux County finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Ryan Dokter
Sioux County Auditor
210 Central Avenue SW
Orange City, Iowa 51041
(712) 737-2216**

SIOUX COUNTY BOARD OF SUPERVISORS:

Mark Sybesma John Degen Dennis Wright Arlyn Kleinwolterink Al Bloemendaal

SIOUX COUNTY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and Pooled Investments	\$ 16,763,260
Receivables:	
Property Tax	18,542
Future Property Tax	10,426,531
Accounts	95,681
Notes	638,415
Due from Other Governmental Agencies	746,675
Inventories	2,087,395
Prepaid Expenses	162,740
Land	4,313,188
Construction in Progress	2,302,441
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	54,610,014
Total Assets	<u>92,164,882</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferred Outflows	1,394,766
Total Deferred Outflows of Resources	<u>1,394,766</u>
LIABILITIES	
Accounts Payable	341,094
Accrued Claims Payable	44,612
Due to Other Governmental Agencies	374
Accrued Interest Payable	16,814
Salaries and Benefits Payable	170,231
Long Term Liabilities	
Due within one year:	
Capital Lease Payable	30,000
General Obligation Bonds	735,000
Compensated Absences	231,484
Due in more than one year:	
Capital Lease Payable	510,000
General Obligation Bonds	5,140,992
Compensated Absences	154,323
Net Pension Liability	3,047,151
Net OPEB Liability	378,318
Total Liabilities	<u>10,800,393</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Subsequent Year Property Taxes	10,426,531
Pension Related Deferred Inflows	1,261,676
Total Deferred Inflows of Resources	<u>11,688,207</u>
NET POSITION	
Net Investment in Capital Assets	54,809,651
Restricted for:	
Supplemental Levy Purposes	554,989
Mental Health Purposes	381,145
Rural Services Purposes	2,477,619
Secondary Roads Purposes	11,285,966
Debt Service	183,812
Other Purposes	923,560
Unrestricted	454,306
Total Net Position	<u>\$ 71,071,048</u>

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
Primary Government:		
Governmental Activities:		
Public safety and legal services	\$ 4,195,690	\$ 784,919
Physical health and social services	710,070	22,800
Mental health	1,430,970	153
County environment and education	1,471,592	176,561
Roads and transportation	7,721,775	63,362
Government services to residents	818,117	707,831
Administration	1,973,120	19,550
Non-program services	59,630	61,983
Interest on long-term debt	314,677	-
Total governmental activities	<u>\$ 18,695,641</u>	<u>\$ 1,837,159</u>

See Accompanying Notes to Financial Statements

Program Revenues		Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 102,454	\$ -	\$ (3,308,317)
266,623	-	(420,647)
-	-	(1,430,817)
20,158	-	(1,274,873)
5,876,952	1,932,647	151,186
-	-	(110,286)
-	-	(1,953,570)
-	-	2,353
-	-	(314,677)
<u>\$ 6,266,187</u>	<u>\$ 1,932,647</u>	<u>(8,659,648)</u>

General Revenues:

Property taxes levied for:

General purposes	8,830,857
Debt service	568,078
Interest and penalties on taxes	82,689
State tax credits	663,566
Local option sales tax	1,488,936
Unrestricted investment earnings	93,998
Gain on Sale of Capital Assets	7,387
Miscellaneous	324,161
Total general revenues	<u>12,059,672</u>

Change in net position	3,400,024
Net Position - beginning	<u>67,671,024</u>
Net Position - ending	<u>\$ 71,071,048</u>

SIOUX COUNTY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2016

	General	Rural Services	Secondary Roads
Assets			
Cash and Pooled Investments	\$ 3,241,547	\$ 2,254,176	\$ 7,611,978
Receivables:			
Property Tax	17,160	305	-
Future Property Tax	6,424,592	2,062,455	-
Accounts	53,758	-	41,923
Notes	-	-	-
Due from Other Funds	-	-	1,428,817
Due from Other Governmental Agencies	69,400	246,759	430,516
Inventories	-	-	2,087,395
Prepaid Expenses	99,094	2,723	60,923
Total Assets	<u>9,905,551</u>	<u>4,566,418</u>	<u>11,661,552</u>
Liabilities			
Accounts Payable	159,743	4,832	176,026
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	74	-	300
Salaries and Benefits Payable	83,045	19,064	68,042
Total Liabilities	<u>242,862</u>	<u>23,896</u>	<u>244,368</u>
Deferred Inflows of Resources			
Unavailable Revenue -			
Subsequent Year Property Taxes	6,424,592	2,062,455	-
Delinquent Property Tax	16,515	305	-
Total Deferred Inflows of Resources	<u>6,441,107</u>	<u>2,062,760</u>	<u>-</u>
Fund Balances:			
Nonspendable for:			
Inventories	-	-	2,087,395
Prepaid Expenses	99,094	2,723	60,923
Long-term Notes	-	-	-
Restricted for:			
Supplemental Levy Purposes	565,466	-	-
Mental Health Purposes	-	-	-
Rural Services Purposes	-	2,477,039	-
Secondary Road Purposes	-	-	9,268,866
Debt Service	-	-	-
Other Purposes	-	-	-
Committed for:			
Revolving Loan Purposes	-	-	-
Assigned for:			
Conservation Land Acquisition	-	-	-
Courthouse Capital Improvements	-	-	-
Unassigned	2,557,022	-	-
Total Fund Balances	<u>3,221,582</u>	<u>2,479,762</u>	<u>11,417,184</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,905,551</u>	<u>\$ 4,566,418</u>	<u>\$ 11,661,552</u>

See Accompanying Notes to Financial Statements

Urban Renewal District #1	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 6,687	\$ 200,944	\$ 2,326,976	\$ 15,642,308
-	372	705	18,542
466,518	584,420	888,546	10,426,531
-	-	-	95,681
-	-	638,415	638,415
-	-	-	1,428,817
-	-	-	746,675
-	-	-	2,087,395
-	-	-	162,740
473,205	785,736	3,854,642	31,247,104
-	-	493	341,094
1,428,817	-	-	1,428,817
-	-	-	374
-	-	80	170,231
1,428,817	-	573	1,940,516
466,518	584,420	888,546	10,426,531
-	355	669	17,844
466,518	584,775	889,215	10,444,375
-	-	-	2,087,395
-	-	-	162,740
-	-	638,415	638,415
-	-	-	565,466
-	-	394,074	394,074
-	-	-	2,477,039
-	-	-	9,268,866
-	200,961	-	200,961
-	-	285,145	285,145
-	-	1,151,975	1,151,975
-	-	457,766	457,766
-	-	37,479	37,479
(1,422,130)	-	-	1,134,892
(1,422,130)	200,961	2,964,854	18,862,213
\$ 473,205	\$ 785,736	\$ 3,854,642	\$ 31,247,104

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - Governmental Funds (page 19)	\$ 18,862,213
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Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.	61,225,643
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The internal service fund used by management to charge the costs of self-insured health is included in the statement of net position.	698,022
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Deferred inflows from the balance sheet that provide current financial resources for governmental activities.	17,844
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Accrued expenses from the balance sheet that require current financial resources for governmental activities.	(16,814)
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred Outflows of Resources	\$ 1,394,766	
Deferred Inflows of Resources	<u>(1,261,676)</u>	133,090

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	(5,875,992)	
Capital Lease	(540,000)	
Compensated Absences	(385,807)	
Net Pension Liability	<u>(3,047,151)</u>	<u>(9,848,950)</u>

Total Net Position - Governmental Activities (page 15)	<u><u>\$ 71,071,048</u></u>
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SIOUX COUNTY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2016

	General	Rural Services	Secondary Roads
Revenue:			
Property and other county taxes	\$ 5,616,139	\$ 3,294,128	\$ -
Interest and penalties on taxes	62,764	-	-
Intergovernmental	1,502,849	123,714	6,285,934
Licenses and permits	-	-	31,160
Charges for services	767,214	22,179	-
Use of money and property	75,976	60	32,202
Miscellaneous	262,487	87	144,125
Total Revenue	8,287,429	3,440,168	6,493,421
Expenditures:			
Current operating:			
Public safety and legal services	2,611,070	1,640,806	-
Physical health and social services	712,972	-	-
Mental health	-	-	-
County environment and education	1,195,555	377,463	-
Roads and transportation	55,000	-	5,381,473
Government services to residents	920,069	3,910	-
Administration	1,971,446	-	-
Non-program services	50,416	-	-
Capital projects	-	-	812,375
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	7,516,528	2,022,179	6,193,848
Excess (deficiency) of revenues over expenditures	770,901	1,417,989	299,573
Other financing sources (uses):			
Sale of Capital Assets	-	-	13,300
Transfers in	-	-	2,205,012
Transfers (out)	-	(2,205,012)	-
Payments on Refunding Bonds	-	-	-
Refunding Bond Proceeds	-	-	-
Premiums on Issuance of Bond	-	-	-
Total other financing sources (uses)	-	(2,205,012)	2,218,312
Net Change in Fund Balances	770,901	(787,023)	2,517,885
Fund balances - beginning of year	2,450,681	3,266,785	8,887,949
Increase in Reserve for Inventory	-	-	11,350
Fund balances - end of year	\$ 3,221,582	\$ 2,479,762	\$ 11,417,184

See Accompanying Notes to Financial Statements

Urban Renewal District #1	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 452,305	\$ 568,058	\$ 979,399	\$ 10,910,029
-	-	-	62,764
19,925	39,470	94,445	8,066,337
-	-	-	31,160
-	-	160,238	949,631
22	16,578	24,162	149,000
-	-	11,150	417,849
472,252	624,106	1,269,394	20,586,770
-	-	1,614	4,253,490
-	-	-	712,972
-	-	1,429,736	1,429,736
-	-	800	1,573,818
199,390	-	-	5,635,863
-	-	4,864	928,843
-	-	-	1,971,446
-	-	9,214	59,630
-	-	-	812,375
-	640,000	-	640,000
-	358,957	-	358,957
199,390	998,957	1,446,228	18,377,130
272,862	(374,851)	(176,834)	2,209,640
-	-	-	13,300
-	412,000	-	2,617,012
(412,000)	-	-	(2,617,012)
-	(5,555,000)	-	(5,555,000)
-	2,120,000	-	2,120,000
-	64,144	-	64,144
(412,000)	(2,958,856)	-	(3,357,556)
(139,138)	(3,333,707)	(176,834)	(1,147,916)
(1,282,992)	3,534,668	3,141,688	19,998,779
-	-	-	11,350
\$ (1,422,130)	\$ 200,961	\$ 2,964,854	\$ 18,862,213

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 22) \$ (1,147,916)

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 3,834,112	
Depreciation expense	<u>(3,708,736)</u>	125,376

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 7,387

Because some inflows will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, they are as follows:

Property tax		(22,157)
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The effect of bond premium costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities: 27,206

Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net position. The net revenue of the internal service fund is reported with governmental activities. (42,768)

Accrued interest expense that does not require current financial resources. 17,074

Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 380,477

Proceeds from issuance of long-term debt. (2,184,144)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment on long-term debt. The principal paid on long-term debt during the current year was:

Repayments of long-term debt	\$ 6,195,000	
Repayments of capital lease	30,000	
Repayments of notes payable	<u>37,388</u>	6,262,388

Compensated Absences that do not require current financial resources. (34,249)

Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net position is exhausted. 11,350

Change in net position of governmental activities (page 17) \$ 3,400,024

SIOUX COUNTY, IOWA
STATEMENT OF NET POSITION
Governmental Activities - Internal Service Fund
JUNE 30, 2016

ASSETS

Current Assets

Cash and Pooled Investments

\$ 1,120,952

Total Assets

1,120,952

LIABILITIES

Current Liabilities

Accrued Claims Payable

44,612

Total Current Liabilities

44,612

Noncurrent Liabilities

Net OPEB Liability

378,318

Total Noncurrent Liabilities

378,318

Total Liabilities

422,930

NET POSITION

Unrestricted

\$ 698,022

SIOUX COUNTY, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Governmental Activities - Internal Service Fund
For the Year Ended June 30, 2016

Operating revenues:

Reimbursements from operating funds	\$ 158,619
Total operating revenue	<u>158,619</u>

Operating expenses:

Claims paid	166,779
Administrative fees	10,917
Other post employment benefits	23,946
Total operating expenses	<u>201,642</u>

Operating (Loss)	(43,023)
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Nonoperating income:

Interest on investments	<u>255</u>
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Change in Net Position	(42,768)
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Net Position - beginning	<u>740,790</u>
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Net Position - ending	<u><u>\$ 698,022</u></u>
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SIOUX COUNTY, IOWA
STATEMENT OF CASH FLOWS
Governmental Activities - Internal Service Fund
For the Year Ended June 30, 2016

Cash flows from operating activities:

Cash received from employer/employee contributions	\$ 158,627
Cash payments for insurance premiums and services	(166,338)
Net cash (used) by operating activities	<u>(7,711)</u>

Cash flows from investing activities:

Interest on investments	<u>255</u>
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Net (decrease) in cash and cash equivalents (7,456)

Cash and pooled investments - beginning of year 1,128,408

Cash and pooled investments - end of year 1,120,952

Reconciliation of operating income to net cash used in operating activities:

Operating (Loss)	(43,023)
Change in assets and liabilities:	
Decrease in Accounts Receivable	8
Increase in Accrued Claims Payable	11,358
Increase in OPEB Liability	<u>23,946</u>

Net cash (used) by operating activities \$ (7,711)

SIOUX COUNTY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Funds
JUNE 30, 2016

ASSETS

Cash and Pooled Investments	\$	2,661,269
Receivables:		
Property Tax		39,310
Future Property Tax		42,993,353
Accounts		28,968
Assessments		81,999
Due from Other Governments		59,789
Total Assets		<u>45,864,688</u>

LIABILITIES

Accounts Payable		3,394
Due to Other Governments		45,811,124
Salaries and Benefits Payable		11,433
Compensated Absences		38,737
Total Liabilities	\$	<u>45,864,688</u>

SIoux COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sioux County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

The more significant accounting policies established under GAAP and used by the County are discussed below.

- A. Reporting Entity – For financial reporting purposes, Sioux County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sioux County Assessor's Conference Board, Sioux County Emergency Management Commission, Sioux County Public Safety Commission, the Sioux County Civil Service Commission, and Sioux County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County. The County Board of Supervisors also are members of the Sioux County Revolving Loan Fund. This fund is reported as a special revenue fund in these financial statements. Sioux County is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency and Sioux Rivers Mental Health Region.

- B. Basic Financial Statements – Government-Wide Statements – The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements contain only governmental activities. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County's Internal Service Fund is classified as a primarily governmental type activity.

SIoux COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations with the difference reported as net position. The County's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The County first uses restricted resources to finance qualifying activities. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation / amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The County does not allocate indirect costs. Certain expenses of the County are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

- C. Basis of Presentation – Fund Accounting – The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

SIoux COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

- 1) General Fund - The general fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

2) Special Revenue Funds

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Urban Renewal District #1 Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal projects.

3) Debt Service Fund

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector. The County reports the following proprietary fund:

Internal Service Fund – Accounts for the County's partial self-funded insurance plan for health insurance. The County's internal service fund is presented as a proprietary fund financial statement. The users of the internal services are the County's governmental activities therefore the statement of net position is consolidated into the government-wide statement of net position. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the County, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

- D. Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

SIoux COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues with the exception of expenditure-driven grants. A one-year availability period is used for expenditure-driven grants.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid either using restricted or unrestricted resources, it is the County's policy to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, disbursements exceeded the amount budgeted in the debt service function.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Type	Method
U.S. Treasury Notes	Based upon quoted market prices
Iowa Public Agency Investment Trust	Fair value determined by current share prices

- G. Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2015.

- H. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- I. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.
- J. Due to/from Other Governments – Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- K. Inventories – Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a nonspendable fund balance which indicates that they are not available to liquidate current obligations.
- L. Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

SIoux COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

- M. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for buildings and structures and machinery and equipment and in excess of \$25,000 for infrastructure.

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 – 50 Years
Infrastructure	10 – 65 Years
Machinery and Equipment	3 – 20 Years

- N. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.
- O. Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums and discounts on new debt issued are reported as an other financing source or use.

- P. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- Q. Deferred Inflows of Resources - The statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds financial statements and in the governmental activities of the government-wide financial statements. The governmental activities in the government-wide statements report unavailable revenues from subsequent year property taxes and pension related deferred inflows. The governmental funds report unavailable revenues from subsequent year property taxes and delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R. Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through an ordinance approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

NOTE 2 - DEPOSITS AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trust; and warrants or improvement certificates of a drainage district.

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$6,011,397 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Custodial Credit Risk: The County has no policy regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

SIoux COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 2 - DEPOSITS AND POOLED INVESTMENTS – (CONTINUED)

Interest Rate Risk: The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the County.

Concentration of Credit Risk: The County's investment policy places limits on the amount that may be invested in any one issuer. At the time of purchase, no more than five (5) percent of the investment portfolio of Sioux County shall be invested in the securities of a single issuer. The County's investment in the U.S. Treasuries is not subject to concentration of credit risk as the U.S. Treasuries represent U.S. government issued debt.

Cash and Pooled Investments

The County pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually.

The cash and pooled investments at June 30, 2016 consisted of the following:

Reconciliation to the Financial Statements:

	<u>Carrying Amount</u>
IPAIT Investments	\$ 6,011,397
Demand Deposits	13,412,133
Cash on Hand	1,000
	<u>19,424,530</u>
Unrestricted:	
Cash and Pooled Investments - Governmental Activities	16,763,260
Cash and Pooled Investments - Agency Funds	2,661,269
	<u>\$ 19,424,529</u>

NOTE 3 INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2016, short-term interfund borrowings for operating purposes were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Secondary Roads	Special Revenue – Urban Renewal District #1	<u>\$ 1,428,817*</u>

*This interfund balance represents amounts due to the Secondary Road Fund from the Urban Renewal District #1 Fund to repay costs for a road project within the urban renewal district.

NOTE 4 - NOTES RECEIVABLE

Sioux County Revolving Loan Fund - During the year ended June 30, 1989 the Sioux County Revolving Loan Fund was established. The purpose of the fund is to promote economic development in

SIoux COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 4 - NOTES RECEIVABLE – (CONTINUED)

Sioux County. During the year ended June 30, 2016, the County made no contributions to the Sioux County Revolving Loan Fund. The County records the loan activity of this corporation in a Special Revenue Fund.

The proceeds from the businesses remain in the Sioux County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$341,085 during the year ended June 30, 2016. The loans are secured by real estate mortgages and personal guarantees of the business owners.

Loans by the Sioux County Revolving Loan Fund are as follows:

Loaned to	Date of Loan	Original Loan Amount	Interest Rate	Term Of Loan	Monthly Payment	Loan Balance June 30, 2016
Quality Machine Products, Inc.	October 6, 2006	\$ 65,000	3.0%	4.5 yrs.	\$ 1,344	\$ 29,442
	June 26, 2009	52,500	4.95%	5 yrs.	944	48,439
Exemplar Genetics LLC	November 25, 2009	150,000	3.0%	10 yrs.	1,446	54,958
	January 13, 2012	82,500	3.0%	7 yrs.	1,092	32,528
Siouxland Fabricating	September 23, 2011	37,500	3.0%	5 yrs.	673	1,340
Valley Plating	February 18, 2013	30,000	3.0%	5 yrs.	540	11,025
Harbor Group	December 21, 2012	200,000	3.00%	10 yrs.	1,931	138,003
Cambridge Technologies, LLC	October 26, 2015	200,000	2.25%	6 yrs.	2,973	179,153
TEC Industries	August 6, 2012	300,000	3.0%	7 yrs.	3,964	143,527
		<u>\$ 1,117,500</u>				<u>\$ 638,415</u>

In 2014, the County issued a short-term loan to the Sioux County Airport Authority in the amount of \$400,000. This note receivable is to be paid back to the County with interest as the Airport Authority receives reimbursement from the Federal Aviation Administration. During the year ended June 30, 2015, the County loaned an additional \$100,000 to the Airport Authority. The loan repayments in fiscal year 2015 and fiscal year 2016 totaled \$300,000 and \$200,000, respectively. The balance of the note receivable is zero as of June 30, 2016.

NOTE 5 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

	Secondary Roads	Debt Service	Total Transfer Out
Rural Services	\$ 2,205,012	\$ -	\$ 2,205,012
Urban Renewal District #1	-	412,000	412,000
Total Transfers In	<u>\$ 2,205,012</u>	<u>\$ 412,000</u>	<u>\$ 2,617,012</u>

Transfers were used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,225,514	\$ 87,674	\$ -	\$ 4,313,188
Construction in Progress	3,537,798	2,003,233	3,238,590	2,302,441
Total capital assets not being depreciated	7,763,312	2,090,907	3,238,590	6,615,629
Capital assets being depreciated:				
Buildings	12,367,796	296,794	-	12,664,590
Equipment	14,048,841	835,231	382,633	14,501,439
Infrastructure	71,489,692	3,895,678	-	75,385,370
Total capital assets being depreciated	97,906,329	5,027,701	382,633	102,551,399
Less: Accumulated Depreciation for:				
Buildings	5,151,985	281,906	-	5,433,891
Equipment	9,058,878	716,489	344,112	9,431,255
Infrastructure	30,365,898	2,710,341	-	33,076,239
Total Accumulated Depreciation	44,576,761	3,708,736	344,112	47,941,385
Total capital assets being depreciated, net	53,329,568	1,318,965	38,521	54,610,014
Governmental activities capital assets, net	\$ 61,092,880	\$ 3,409,872	\$ 3,277,111	\$ 61,225,643

Construction in progress at June 30, 2016 consisted of costs associated with several road construction projects.

Depreciation expense was charged to the functions as follows:

Public Safety and Legal Services	\$ 248,623
Physical Health and Social Services	503
County Environment and Education	110,097
Roads and Transportation	3,215,347
Government Services to Residents	107,140
Administration	27,026
	<u>\$ 3,708,736</u>

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities
Land	\$ 4,313,188
Construction in Progress	2,302,441
Capital Assets (net of accumulated depreciation)	54,610,014
Less: General Obligation Bonds Payable	(5,875,992)
Capital Lease	(540,000)
Net Investment in Capital Assets	<u>\$54,809,651</u>

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	General Obligation Bonds	Compensated Absences	Notes Payable	Net Pension Liability	Capital Leases	Other Post- Employment Benefits	Total
Balance Beginning of Year	\$ 9,890,000	\$ 351,558	\$ 37,388	\$ 2,425,116	\$ 570,000	\$ 354,372	\$ 13,628,434
Increases	2,120,000	245,184	-	622,035	-	23,946	3,011,165
Decreases	6,195,000	210,935	37,388	-	30,000	-	6,473,323
Balance End of Year	<u>\$ 5,815,000</u>	<u>\$ 385,807</u>	<u>\$ -</u>	<u>\$ 3,047,151</u>	<u>\$ 540,000</u>	<u>\$ 378,318</u>	<u>\$ 10,166,276</u>
Due Within One Year	\$ 735,000	\$ 231,484	\$ -	\$ -	\$ 30,000	\$ -	\$ 996,484

The General Obligation Bonds are shown gross of the unamortized premiums of \$60,992 on the Statement of Net Position.

A summary of the County's June 30, 2016 general obligation bonded indebtedness is as follows:

	Date of Issue	Interest Rates	Annual Payments	Amount Originally Issued	Outstanding June 2015
Series 2016A	2016	2.00%	\$355,000-\$455,000	\$ 2,120,000	\$ 2,120,000
Series 2012A	2012	.90-2.45%	315,000-365,000	3,695,000	3,695,000
					<u>\$ 5,815,000</u>

On June 15, 2012, the County issued \$3,695,000 of General Obligation Refunding Capital Loan Notes, Series 2012A in a crossover advance refunding of the Series 2008 GO Capital Loan Notes. The 2012 bonds have an average interest rate of 1.92% and the 2008 bonds refunded had an average interest rate of 4.1%. The net proceeds from the issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. On June 1, 2016, the notes became callable and the amount in escrow was used to refund the remaining \$3,420,000 of the 2008 bonds. As a result of this refunding, the County reduced its debt service payments over the next twelve years by \$182,099, and obtain an economic gain of \$152,945.

On March 15, 2016, the County issued \$2,120,000 of General Obligation Refunding Capital Loan Notes, Series 2016A in a current refunding of the Series 2007 GO Capital Loan Notes. The 2016 bonds have an average interest rate of 2.00% and the 2007 bonds being refunded have an average interest rate of 3.87%. As a result of this refunding, the County will reduce its debt service payments over the next six years by \$130,001, and obtain an economic gain of \$126,547.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 735,000	\$ 112,688	\$ 847,688
2018	755,000	96,036	851,036
2019	770,000	83,770	853,770
2020	780,000	70,610	850,610
2021	680,000	56,798	736,798
2022-2025	1,370,000	140,412	1,510,412
2026-2027	725,000	26,344	751,344
	<u>\$ 5,815,000</u>	<u>\$ 586,658</u>	<u>\$ 6,401,658</u>

\$200,961 is available in the Debt Service Fund to service the General Obligation Bonds. The general obligation bonds are to be retired through property tax levies.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 7 - LONG-TERM LIABILITIES – (CONTINUED)

Capital Leases – In March 2014, the County entered into a fifteen-year lease agreement as lessee to finance the acquisition of the Sandy Hallow Golf Club and Campground. The lease requires fifteen annual payments of \$30,000 with a final balloon payment of \$150,000 at the end of the lease. No interest is to be paid on these annual rental payments. This lease qualifies as a capital lease and, therefore, has been recorded at the present value of minimum lease payments as of the inception date. Of the total cost, \$220,000 is attributed to the land and \$380,000 represents buildings on the property. Total accumulated depreciation for the buildings was \$31,273 as of June 30, 2016. These assets will continue to be depreciated over their useful life of twenty-five years.

Year Ending June 30,	Principal
2017	\$ 30,000
2018	30,000
2019	30,000
2020	30,000
2021	30,000
2022-2026	150,000
2027-2029	240,000
	<u>\$ 540,000</u>

NOTE 8 - PENSION PLAN

Plan description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55.

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except for members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriff's, deputy's and protection occupation members may retire at normal retirement age which is generally at age 55. Sheriff's, deputy's and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 8 - PENSION PLAN – (CONTINUED)

The formula used to calculate a sheriff's, deputy's and protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Methods. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the County contributed 8.93 percent of covered payroll, for a total rate of 14.88 percent. Sheriff, deputies and the County each contributed 9.88 percent of covered payroll, for a total rate of 19.76 percent. Protective occupation members contributed 6.56 percent of pay and the County contributed 9.84 percent of covered payroll, for a total rate of 16.40 percent.

The County's total contributions to IPERS for the year ended June 30, 2016 were \$552,912.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the County reported a liability of \$3,047,151 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the County's collective proportion was 0.0616772 percent, which was an increase of 0.002405 from its proportion measured as of June 30, 2014.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 8 - PENSION PLAN – (CONTINUED)

For the year ended June 30, 2016, the County recognized pension expense of \$172,436. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,889	\$ 48,912
Changes of assumptions	83,623	33,186
Net difference between projected and actual earnings on pension plan investments	703,032	1,083,601
Changes in proportion and differences between County contributions and proportionate share of contributions	9,310	95,977
County contributions subsequent to the measurement date	552,912	-
Total	<u>\$ 1,394,766</u>	<u>\$ 1,261,676</u>

\$552,912 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ (192,483)
2018	(192,483)
2019	(192,483)
2020	161,912
2021	(4,285)
	<u>\$ (419,822)</u>

There were no non-employer contributing entities at IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	
(effective June 30, 2014)	3.00 percent per annum
Salary Increases	4.00 to 17 percent average, including inflation. Rates vary by membership group.
(effective June 30, 2010)	
Investment Rate of Return	7.50 percent per annum, compounded annually, net of pension plan investment expense, and including inflation
(effective June 30, 1996)	
Wage growth	4.00 percent per annum, based on 3.00 percent inflation and 1.00 percent real wage inflation.
(effective June 30, 1990)	

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Generational Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 8 - PENSION PLAN – (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	24%	6.29%
Non US Equity	16	6.75
Private Equity	11	11.32
Real Estate	8	3.48
Core Plus Fixed Income	28	2.04
Credit Opportunities	5	3.63
TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
County's proportionate share of the net Pension liability	\$6,462,019	\$ 3,047,151	\$ 168,542

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 117 active members in the plan and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by BlueCross BlueShield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established any may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contributions (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 34,826
Interest on net OPEB obligation	13,217
Adjustment to annual required contribution	(19,109)
Annual OPEB cost	28,934
Contributions made	(4,988)
Increase in net OPEB obligation	23,946
Net OPEB obligation beginning of year	354,372
Net OPEB obligation end of year	<u>\$ 378,318</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2014. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 28,934	17.2%	\$ 378,318
2015	\$ 28,934	17.2%	\$ 354,372
2014	\$ 61,676	12.2%	\$ 330,426
2013	\$ 61,676	12.2%	\$ 276,280
2012	\$ 61,676	12.2%	\$ 222,134
2011	\$ 62,181	9.9%	\$ 167,988
2010	\$ 62,181	9.9%	\$ 111,992
2009	\$ 62,181	9.9%	\$ 55,996

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$306,732, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$306,732. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,600,000 and the ratio of the UAAL to covered payroll was 5.53%. As of June 30, 2016, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate and the ultimate medical trend rate is 5%.

Mortality rates are from the RP2014 Mortality Table with Scale MP-2014, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 75% for employees currently electing coverage and 0% for employees currently waiving coverage.

Projected claim costs of the medical plan are \$920 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 10 - RISK MANAGEMENT

Sioux County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2016 were \$290,026.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

SIoux COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 10 - RISK MANAGEMENT – (CONTINUED)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - CONSTRUCTION COMMITMENT

The County has entered into several construction contracts totaling \$10,735,138 for bridge and culvert construction and roadway paving projects. As of June 30, 2016, \$4,093,370 had been incurred against the contracts. The remaining balance will be paid as work on the projects progresses.

NOTE 12 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN

The Sioux County Partially Self-Funded (PSF) Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with TPA, Ltd. The agreement is subject to automatic renewal provisions. The County assumes liability for out-of-pocket maximums of \$5,850 for single individuals and \$11,700 for family coverage.

Monthly payments of service fees and plan contributions to the Sioux County PSF Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Sioux County PSF Health Insurance Fund. The County records the plan assets and related liabilities of the Sioux County PSF Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2016 was \$150,634.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2016

NOTE 12 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN (CONTINUED)

Amounts payable from the PSF Health Insurance Fund at June 30, 2016 total \$44,612 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

	2015	2016
Unpaid claims, beginning of year	\$ 11,704	\$ 33,254
Incurred claims (including IBNR's)	171,408	166,779
Claim Payments	(149,858)	(155,421)
Unpaid claims, end of year	<u>\$ 33,254</u>	<u>\$ 44,612</u>

NOTE 13 - GUARANTEED DEBT

Sioux County is a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency. Sioux County has provided a Local Government Guarantee as specified in IAC 567-111.6(8) for the Agency. The current closure and/or postclosure cost estimates being assured through the Local Government Guarantee by Sioux County are as follows:

Closure cost to be assured:	\$ 18,360
Postclosure cost to be assured:	\$287,640

NOTE 14 - DEFICIT FUND BALANCE

The County has one fund with a deficit fund balance at June 30, 2016. The County intends to finance the deficits with future property tax revenue and general revenues.

The fund deficits were as follows:

Special Revenue – Urban Renewal District #1	\$1,422,130
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REQUIRED SUPPLEMENTARY INFORMATION

SIOUX COUNTY, IOWA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenue:				
Property and other county taxes	\$ 10,882,560	\$ 10,882,560	\$ 10,902,121	\$ 19,561
Interest and penalties on taxes	53,000	53,000	62,764	9,764
Intergovernmental	7,132,452	7,132,452	8,811,517	1,679,065
Licenses and permits	10,250	10,250	31,160	20,910
Charges for services	675,530	675,530	975,574	300,044
Use of money and property	77,874	77,874	257,268	179,394
Miscellaneous	423,100	423,100	417,849	(5,251)
Total Revenue	19,254,766	19,254,766	21,458,253	2,203,487
Expenditures:				
Current operating:				
Public safety and legal services	4,558,937	4,558,937	4,250,037	308,900
Physical health and social services	781,744	881,744	741,351	140,393
Mental Health, MR & DD	1,051,847	1,751,847	1,481,058	270,789
County environment and education	1,471,496	1,821,496	1,547,995	273,501
Roads and transportation	6,207,175	6,207,175	5,559,113	648,062
Government services to residents	999,052	999,052	932,670	66,382
Administration	2,351,413	2,351,413	2,015,749	335,664
Non-program services	35,000	135,000	8,012	126,988
Debt service	887,139	887,139	6,553,957	(5,666,818)
Capital projects	3,738,300	3,738,300	812,375	2,925,925
Total Expenditures	22,082,103	23,332,103	23,902,317	(570,214)
Excess (Deficiency) of revenues over expenditures	(2,827,337)	(4,077,337)	(2,444,064)	1,633,273
Other financing sources (uses):				
Transfers in	2,986,763	2,986,763	2,617,012	(369,751)
Transfers out	(2,986,763)	(2,986,763)	(2,617,012)	369,751
Proceeds of Fixed Asset Sales	4,500	4,500	13,300	8,800
Total other financing sources (uses)	4,500	4,500	13,300	8,800
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (2,822,837)</u>	<u>\$ (4,072,837)</u>	(2,430,764)	<u>\$ 1,642,073</u>
Balance beginning of year			15,888,929	
Balance end of year			<u>\$ 13,458,165</u>	

SIOUX COUNTY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2016

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,050,000. The budget amendments are reflected in the final budget amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission. During fiscal year 2016, disbursements exceeded budgeted amounts for Emergency Management Services.

During fiscal year 2016, disbursements exceeded the amount budgeted in the debt services function.

As noted previously, the actual results of operations are presented in accordance with accounting principles generally accepted in the United States which differ in certain respects from those practices used in the preparation of the 2015-16 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 21,458,253	\$ (871,483)	\$ 20,586,770
Expenditures	23,902,317	(5,525,187)	18,377,130
Net	(2,444,064)	4,653,704	2,209,640
Other Financing Sources	13,300	(3,370,856)	(3,357,556)
Beginning Fund Balance	15,888,929	4,109,850	19,998,779
Increase in Reserve for Inventory	-	11,350	11,350
Ending Fund Balance	<u>\$ 13,458,165</u>	<u>\$ 5,404,068</u>	<u>\$ 18,862,213</u>

SIOUX COUNTY, IOWA
Schedule of Funding Progress for the
Retiree Health Plan -
Required Supplementary Information
For the Year Ended June 30, 2016

For Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Approximate Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2009	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,972,856	8.62%
June 30, 2010	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,973,000	8.62%
June 30, 2011	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,973,000	8.62%
June 30, 2012	July 1, 2011	-	\$ 542,563	\$ 542,563	0.00%	\$5,200,000	10.43%
June 30, 2013	July 1, 2011	-	\$ 542,563	\$ 542,563	0.00%	\$5,200,000	10.43%
June 30, 2014	July 1, 2011	-	\$ 542,563	\$ 542,563	0.00%	\$5,200,000	10.43%
June 30, 2015	July 1, 2014	-	\$ 306,732	\$ 306,732	0.00%	\$5,550,107	5.53%
June 30, 2016	July 1, 2014	-	\$ 306,732	\$ 306,732	0.00%	\$5,550,107	5.53%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SIOUX COUNTY
Schedule of the County's Proportionate Share of
Net Pension Liability
Iowa Public Employees' Retirement System Last Fiscal Year*
(In Thousands)
Required Supplementary Information
For the Year Ended June 30, 2016

	2016	2015
County's proportion of the net pension liability	0.0616772%	0.0592721%
County's proportionate share of the net pension liability	\$ 3,047	\$ 2,425
County's covered-employee payroll	6,220	5,864
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	49%	41.4%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

SIOUX COUNTY
Schedule of the County Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)
Required Supplementary Information
For the Year Ended June 30, 2016

	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 553	\$ 554	\$ 552	\$ 514	\$ 483
Contributions in relation to the statutorily required contribution	(553)	(554)	(552)	(514)	(483)
Contribution deficiency (excess)	-	-	-	-	-
County's covered employee payroll	\$ 6,167	\$ 6,220	\$ 5,864	\$ 5,678	\$ 5,632
Contributions as a percentage of covered-employee payroll	8.97%	8.91%	9.41%	9.05%	8.58%

	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 408	\$ 376	\$ 344	\$ 310	\$ 286
Contributions in relation to the statutorily required contribution	(408)	(376)	(344)	(310)	(286)
Contribution deficiency (excess)	-	-	-	-	-
County's covered employee payroll	\$ 5,366	\$ 5,307	\$ 5,093	\$ 4,893	\$ 4,631
Contributions as a percentage of covered-employee payroll	7.60%	7.08%	6.75%	6.34%	6.18%

SIOUX COUNTY
Notes to Required Supplementary Information – Pension Liability
For the Year Ended June 30, 2016

Changes of Benefit Terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

OTHER SUPPLEMENTARY INFORMATION

SIOUX COUNTY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2016

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
Assets				
Cash and Pooled Investments	\$ 65,108	\$ 144,643	\$ 1,151,975	\$ 6,397
Receivables:				
Property Tax	-	-	-	-
Future Property Tax	-	-	-	-
Accounts	-	-	-	-
Notes	-	-	638,415	-
Due from Other Governmental Agencies	-	-	-	-
Total Assets	65,108	144,643	1,790,390	6,397
Liabilities				
Accounts Payable	-	-	-	-
Due to Other Governmental Agencies	-	-	-	-
Salaries and Benefits Payable	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable Revenue-				
Subsequent Year Property Taxes	-	-	-	-
Delinquent Property Tax	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable for:				
Long-term Notes	-	-	638,415	-
Restricted for:				
Mental Health Purposes	-	-	-	-
Other Purposes	65,108	144,643	-	6,397
Committed for:				
Revolving Loan Purposes	-	-	1,151,975	-
Assigned for:				
Conservation Land Acquisition	-	-	-	-
Courthouse Capital Improvements	-	-	-	-
Total Fund Balances	65,108	144,643	1,790,390	6,397
Total Liabilities and Fund Balances	\$ 65,108	\$ 144,643	\$ 1,790,390	\$ 6,397

Special Revenue Funds						
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Mental Health	Capital Projects Funds		Total	
			Conservation Land Acquisition	Courthouse Capital Improvement		
\$ 10,364	\$ 58,633	\$ 394,611	\$ 457,766	\$ 37,479	\$ 2,326,976	
-	-	705	-	-	705	
-	-	888,546	-	-	888,546	
-	-	-	-	-	-	
-	-	-	-	-	638,415	
-	-	-	-	-	-	
10,364	58,633	1,283,862	457,766	37,479	3,854,642	
-	-	493	-	-	493	
-	-	-	-	-	-	
-	-	80	-	-	80	
-	-	573	-	-	573	
-	-	888,546	-	-	888,546	
-	-	669	-	-	669	
-	-	889,215	-	-	889,215	
-	-	-	-	-	638,415	
-	-	394,074	-	-	394,074	
10,364	58,633	-	-	-	285,145	
-	-	-	-	-	1,151,975	
-	-	-	457,766	-	457,766	
-	-	-	-	37,479	37,479	
10,364	58,633	394,074	457,766	37,479	2,964,854	
\$ 10,364	\$ 58,633	\$ 1,283,862	\$ 457,766	\$ 37,479	\$ 3,854,642	

SIOUX COUNTY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
Revenue:				
Property and other county taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	6,818	-	-	-
Use of money and property	15	363	23,684	1
Miscellaneous	-	-	-	133
Total Revenue	6,833	363	23,684	134
Expenditures:				
Current operating:				
Public safety and legal services	-	-	-	1,539
Mental health	-	-	-	-
County environment and education	-	-	-	-
Government services to residents	4,864	-	-	-
Non-program services	-	-	414	-
Total Expenditures	4,864	-	414	1,539
Excess (Deficiency) of revenues over expenditures	1,969	363	23,270	(1,405)
Fund balances - beginning of year	63,139	144,280	1,767,120	7,802
Fund balances - end of year	\$ 65,108	\$ 144,643	\$ 1,790,390	\$ 6,397

Special Revenue Funds			Capital Projects Funds		
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Mental Health	Conservation Land Acquisition	Courthouse Capital Improvement	Total
\$ -	\$ -	\$ 979,399	\$ -	\$ -	\$ 979,399
-	20,158	74,287	-	-	94,445
-	-	153	153,267	-	160,238
2	9	-	88	-	24,162
431	-	-	10,586	-	11,150
433	20,167	1,053,839	163,941	-	1,269,394
75	-	-	-	-	1,614
-	-	1,429,736	-	-	1,429,736
-	-	-	800	-	800
-	-	-	-	-	4,864
-	-	-	8,800	-	9,214
75	-	1,429,736	9,600	-	1,446,228
358	20,167	(375,897)	154,341	-	(176,834)
10,006	38,466	769,971	303,425	37,479	3,141,688
\$ 10,364	\$ 58,633	\$ 394,074	\$ 457,766	\$ 37,479	\$ 2,964,854

SIOUX COUNTY, IOWA
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
Agency Funds
June 30, 2016

	County Recorder	County Sheriff	Agricultural Extension	County Assessor
ASSETS				
Cash and Pooled Investments	\$ -	\$ 87,792	\$ 2,559	\$ 261,671
Receivables:				
Property Tax	-	-	-	-
Future Property Tax	-	-	269,213	354,484
Accounts	309	-	-	-
Assessments	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	309	87,792	271,772	616,155
LIABILITIES				
Accounts Payable	-	926	-	642
Due to Other Governments	309	86,866	271,772	595,964
Salaries and Benefits Payable	-	-	-	-
Compensated Absences	-	-	-	19,549
Total Liabilities	\$ 309	\$ 87,792	\$ 271,772	\$ 616,155

Schools	Area Schools	Corporations	Townships	City Special Assessments	Auto License and Use Tax
\$ 202,954	\$ 10,528	\$ 49,828	\$ 5,080	\$ 4,043	\$ 952,317
17,048	-	22,262	-	-	-
22,318,730	1,272,007	18,382,571	390,974	-	-
-	-	-	-	-	-
-	-	-	-	81,999	-
-	-	-	-	-	-
22,538,732	1,282,535	18,454,661	396,054	86,042	952,317
-	-	-	-	-	-
22,538,732	1,282,535	18,454,661	396,054	86,042	952,317
-	-	-	-	-	-
-	-	-	-	-	-
\$ 22,538,732	\$ 1,282,535	\$ 18,454,661	\$ 396,054	\$ 86,042	\$ 952,317

(continued)

SIOUX COUNTY, IOWA
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES - (Continued)
Agency Funds
June 30, 2016

	Tax In Advance	Emergency Management Services	Brucellosis and Tuberculosis Eradication	Public Safety Agency	Disposal Agency
ASSETS					
Cash and Pooled Investments	\$ 68,700	\$ 138,015	\$ 47	\$ 310,774	\$ 29,734
Receivables:					
Property Tax	-	-	-	-	-
Future Property Tax	-	-	5,374	-	-
Accounts	-	-	-	-	-
Assessments	-	-	-	-	-
Due from Other Governments	-	23,536	-	-	-
Total Assets	<u>68,700</u>	<u>161,551</u>	<u>5,421</u>	<u>310,774</u>	<u>29,734</u>
LIABILITIES					
Accounts Payable	-	213	-	1,571	-
Due to Other Governments	68,700	158,094	5,421	281,826	29,734
Salaries and Benefits Payable	-	796	-	10,637	-
Compensated Absences	-	2,448	-	16,740	-
Total Liabilities	<u>\$ 68,700</u>	<u>\$ 161,551</u>	<u>\$ 5,421</u>	<u>\$ 310,774</u>	<u>\$ 29,734</u>

E-911	Recorder E-Commerce	Flexible Benefits	Condemnations	Total
\$ 530,115	\$ 1,319	\$ 5,387	\$ 406	\$ 2,661,269
-	-	-	-	39,310
-	-	-	-	42,993,353
28,659	-	-	-	28,968
-	-	-	-	81,999
36,253	-	-	-	59,789
595,027	1,319	5,387	406	45,864,688
42	-	-	-	3,394
594,985	1,319	5,387	406	45,811,124
-	-	-	-	11,433
-	-	-	-	38,737
\$ 595,027	\$ 1,319	\$ 5,387	\$ 406	\$45,864,688

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
County Recorder				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	850,587	850,587	\$ -
Accounts Receivable	328	309	328	309
Total Assets	<u>328</u>	<u>850,896</u>	<u>850,915</u>	<u>309</u>
<u>Liabilities</u>				
Due to Other Governments	328	850,896	850,915	309
Total Liabilities	<u>328</u>	<u>850,896</u>	<u>850,915</u>	<u>309</u>
County Sheriff				
<u>Assets</u>				
Cash and Pooled Investments	245,423	1,280,400	1,438,031	87,792
Total Assets	<u>245,423</u>	<u>1,280,400</u>	<u>1,438,031</u>	<u>87,792</u>
<u>Liabilities</u>				
Accounts Payable	333	926	333	926
Due to Other Governments	245,090	1,279,474	1,437,698	86,866
Total Liabilities	<u>245,423</u>	<u>1,280,400</u>	<u>1,438,031</u>	<u>87,792</u>
Agricultural Extension Education				
<u>Assets</u>				
Cash and Pooled Investments	2,233	273,169	272,843	2,559
Future Property Tax	262,065	269,213	262,065	269,213
Total Assets	<u>264,298</u>	<u>542,382</u>	<u>534,908</u>	<u>271,772</u>
<u>Liabilities</u>				
Due to Other Governments	264,298	542,382	534,908	271,772
Total Liabilities	<u>264,298</u>	<u>542,382</u>	<u>534,908</u>	<u>271,772</u>
County Assessor				
<u>Assets</u>				
Cash and Pooled Investments	232,603	358,960	329,892	261,671
Future Property Tax	344,311	354,484	344,311	354,484
Total Asset	<u>576,914</u>	<u>713,444</u>	<u>674,203</u>	<u>616,155</u>
<u>Liabilities</u>				
Accounts Payable	312	642	312	642
Due to Other Governments	561,631	693,253	658,920	595,964
Salaries and Benefits Payable	422	-	422	-
Compensated Absences	14,549	19,549.00	14,549	19,549
Total Liabilities	<u>\$ 576,914</u>	<u>\$ 713,444</u>	<u>\$ 674,203</u>	<u>\$ 616,155</u>

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Schools				
<u>Assets</u>				
Cash and Pooled Investments	\$ 176,844	21,985,198	\$ 21,959,088	\$ 202,954
Property Tax Receivable	15,574	17,048	15,574	17,048
Future Property Tax	21,092,258	22,318,730	21,092,258	22,318,730
Total Assets	<u>21,284,676</u>	<u>44,320,976</u>	<u>43,066,920</u>	<u>22,538,732</u>
<u>Liabilities</u>				
Due to Other Governments	<u>21,284,676</u>	<u>44,320,976</u>	<u>43,066,920</u>	<u>22,538,732</u>
Total Liabilities	<u>21,284,676</u>	<u>44,320,976</u>	<u>43,066,920</u>	<u>22,538,732</u>
Area Schools				
<u>Assets</u>				
Cash and Pooled Investments	8,748	1,123,634	1,121,854	10,528
Future Property Tax	1,077,885	1,272,007	1,077,885	1,272,007
Total Assets	<u>1,086,633</u>	<u>2,395,641</u>	<u>2,199,739</u>	<u>1,282,535</u>
<u>Liabilities</u>				
Due to Other Governments	<u>1,086,633</u>	<u>2,395,641</u>	<u>2,199,739</u>	<u>1,282,535</u>
Total Liabilities	<u>1,086,633</u>	<u>2,395,641</u>	<u>2,199,739</u>	<u>1,282,535</u>
Corporations				
<u>Assets</u>				
Cash and Pooled Investments	59,147	17,160,985	17,170,304	49,828
Property Tax Receivable	22,790	22,262	22,790	22,262
Future Property Tax	16,456,510	18,382,571	16,456,510	18,382,571
Total Assets	<u>16,538,447</u>	<u>35,565,818</u>	<u>33,649,604</u>	<u>18,454,661</u>
<u>Liabilities</u>				
Due to Other Governments	<u>16,538,447</u>	<u>35,565,818</u>	<u>33,649,604</u>	<u>18,454,661</u>
Total Liabilities	<u>16,538,447</u>	<u>35,565,818</u>	<u>33,649,604</u>	<u>18,454,661</u>
Townships				
<u>Assets</u>				
Cash and Pooled Investments	4,279	374,573	373,772	5,080
Future Property Tax	363,878	390,974	363,878	390,974
Total Assets	<u>368,157</u>	<u>765,547</u>	<u>737,650</u>	<u>396,054</u>
<u>Liabilities</u>				
Due to Other Governments	<u>368,157</u>	<u>765,547</u>	<u>737,650</u>	<u>396,054</u>
Total Liabilities	<u>\$ 368,157</u>	<u>\$ 765,547</u>	<u>\$ 737,650</u>	<u>\$ 396,054</u>

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
City Special Assessments				
<u>Assets</u>				
Cash and Pooled Investments	\$ 4,680	87,926	\$ 88,563	\$ 4,043
Assessments Receivable	45,122	81,999	45,122	81,999
Total Assets	<u>49,802</u>	<u>169,925</u>	<u>133,685</u>	<u>86,042</u>
<u>Liabilities</u>				
Due to Other Governments	49,802	169,925	133,685	86,042
Total Liabilities	<u>49,802</u>	<u>169,925</u>	<u>133,685</u>	<u>86,042</u>
Auto License and Use Tax				
<u>Assets</u>				
Cash and Pooled Investments	925,151	11,031,969	11,004,803	952,317
Total Assets	<u>925,151</u>	<u>11,031,969</u>	<u>11,004,803</u>	<u>952,317</u>
<u>Liabilities</u>				
Due to Other Governments	925,151	11,031,969	11,004,803	952,317
Total Liabilities	<u>925,151</u>	<u>11,031,969</u>	<u>11,004,803</u>	<u>952,317</u>
Tax In Advance				
<u>Assets</u>				
Cash and Pooled Investments	83,056	91,395	105,751	68,700
Total Assets	<u>83,056</u>	<u>91,395</u>	<u>105,751</u>	<u>68,700</u>
<u>Liabilities</u>				
Due to Other Governments	83,056	91,395	105,751	68,700
Total Liabilities	<u>83,056</u>	<u>91,395</u>	<u>105,751</u>	<u>68,700</u>
Emergency Management Services				
<u>Assets</u>				
Cash and Pooled Investments	136,561	165,213	163,759	138,015
Due from Other Governments	36,154	23,536	36,154	23,536
Total Assets	<u>172,715</u>	<u>188,749</u>	<u>199,913</u>	<u>161,551</u>
<u>Liabilities</u>				
Accounts Payable	801	213	801	213
Salaries and Benefits Payable	632	796	632	796
Due to Other Governments	168,870	185,292	196,068	158,094
Compensated Absences	2,412	2,448	2,412	2,448
Total Liabilities	<u>\$ 172,715</u>	<u>\$ 188,749</u>	<u>\$ 199,913</u>	<u>\$ 161,551</u>

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Brucellosis and Tuberculosis Eradication				
<u>Assets</u>				
Cash and Pooled Investments	\$ 102	5,055	\$ 5,110	\$ 47
Future Property Tax	-	5,374	-	5,374
Total Assets	<u>102</u>	<u>10,429</u>	<u>5,110</u>	<u>5,421</u>
<u>Liabilities</u>				
Due to Other Governments	102	10,429	5,110	5,421
Total Liabilities	<u>102</u>	<u>10,429</u>	<u>5,110</u>	<u>5,421</u>
Public Safety Agency				
<u>Assets</u>				
Cash and Pooled Investments	262,114	503,041	454,381	310,774
Total Assets	<u>262,114</u>	<u>503,041</u>	<u>454,381</u>	<u>310,774</u>
<u>Liabilities</u>				
Accounts Payable	770	1,571	770	1,571
Salaries and Benefits Payable	9,977	10,637	9,977	10,637
Due to Other Governments	230,727	474,093	422,994	281,826
Compensated Absences	20,640	16,740	20,640	16,740
Total Liabilities	<u>262,114</u>	<u>503,041</u>	<u>454,381</u>	<u>310,774</u>
Disposal Agency				
<u>Assets</u>				
Cash and Pooled Investments	29,734	-	-	29,734
Total Assets	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<u>Liabilities</u>				
Due to Other Governments	29,734	-	-	29,734
Total Liabilities	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
E-911				
<u>Assets</u>				
Cash and Pooled Investments	278,877	415,910	164,672	530,115
Accounts Receivable	3,498	28,659	3,498	28,659
Due from Other Governments	117,013	36,253	117,013	36,253
Total Assets	<u>399,388</u>	<u>480,822</u>	<u>285,183</u>	<u>595,027</u>
<u>Liabilities</u>				
Accounts Payable	199	42	199	42
Due to Other Governments	399,189	480,780	284,984	594,985
Total Liabilities	<u>\$ 399,388</u>	<u>\$ 480,822</u>	<u>\$ 285,183</u>	<u>\$ 595,027</u>

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Treasurer's Trust Fund				
<u>Assets</u>				
Cash and Pooled Investments	-	139,825	139,825	-
Total Assets	-	139,825	139,825	-
<u>Liabilities</u>				
Due to Other Governments	-	139,825	139,825	-
Total Liabilities	-	139,825	139,825	-
Recorder E-Commerce				
<u>Assets</u>				
Cash and Pooled Investments	1,280	6,818	6,779	1,319
Total Assets	1,280	6,818	6,779	1,319
<u>Liabilities</u>				
Due to Other Governments	1,280	6,818	6,779	1,319
Total Liabilities	1,280	6,818	6,779	1,319
Flexible Benefits				
<u>Assets</u>				
Cash and Pooled Investments	2,495	77,416	74,524	5,387
Total Assets	2,495	77,416	74,524	5,387
<u>Liabilities</u>				
Due to Other Governments	2,495	77,416	74,524	5,387
Total Liabilities	\$ 2,495	\$ 77,416	\$ 74,524	\$ 5,387

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Condemnations				
<u>Assets</u>				
Cash and Pooled Investments	\$ 406	-	\$ -	\$ 406
Total Assets	<u>406</u>	<u>-</u>	<u>-</u>	<u>406</u>
<u>Liabilities</u>				
Due to Other Governments	406	-	-	406
Total Liabilities	<u>406</u>	<u>-</u>	<u>-</u>	<u>406</u>
Total All Agency Funds				
<u>Assets</u>				
Cash and Pooled Investments	2,453,733	55,932,074	55,724,538	2,661,269
Receivables:				
Property Tax	38,364	39,310	38,364	39,310
Future Property Tax	39,596,907	42,993,353	39,596,907	42,993,353
Accounts	3,826	28,968	3,826	28,968
Assessments	45,122	81,999	45,122	81,999
Due from Other Governments	<u>153,167</u>	<u>59,789</u>	<u>153,167</u>	<u>59,789</u>
Total Assets	<u>42,291,119</u>	<u>99,135,493</u>	<u>95,561,924</u>	<u>45,864,688</u>
<u>Liabilities</u>				
Accounts Payable	2,415	3,394	2,415	3,394
Due to Other Governments	42,240,072	99,081,929	95,510,877	45,811,124
Salaries and Benefits Payable	11,031	11,433	11,031	11,433
Compensated Absences	<u>37,601</u>	<u>38,737</u>	<u>37,601</u>	<u>38,737</u>
Total Liabilities	<u>\$ 42,291,119</u>	<u>\$ 99,135,493</u>	<u>\$ 95,561,924</u>	<u>\$ 45,864,688</u>

SIOUX COUNTY, IOWA
Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis of Accounting				
	2016	2015	2014	2013	2012
Revenue:					
Property and other county tax	\$ 10,910,029	\$ 10,807,177	\$ 9,825,942	\$ 9,650,060	\$ 9,339,404
Interest and penalty on property tax	62,764	56,340	60,453	61,062	70,302
Intergovernmental	8,066,337	7,424,551	7,303,694	6,341,323	7,188,347
Licenses and permits	31,160	18,545	15,785	16,450	15,460
Charges for services	949,631	868,052	857,217	888,987	856,712
Use of money and property	149,000	206,964	142,258	190,165	287,270
Miscellaneous	417,849	610,286	513,095	377,265	426,716
Total Revenue	20,586,770	19,991,915	18,718,444	17,525,312	18,184,211
Expenditures:					
Current operating:					
Public safety and legal services	4,253,490	4,151,725	4,156,068	3,923,413	3,838,745
Physical health and social services	712,972	713,684	581,266	656,287	564,555
Mental health	1,429,736	1,152,388	901,600	936,553	3,131,499
County environment and education	1,573,818	1,733,370	1,188,404	1,106,852	1,202,094
Roads and transportation	5,635,863	5,451,725	5,758,887	5,303,166	5,859,605
Government services to residents	928,843	894,289	1,006,617	722,556	810,295
Administration	1,971,446	1,836,047	1,922,567	1,816,554	1,751,976
Non-program services	59,630	13,696	37,156	28,242	55,818
Capital projects	812,375	1,963,928	2,540,139	1,777,524	1,850,354
Debt service	998,957	955,607	952,683	949,972	1,107,032
Total	\$ 18,377,130	\$ 18,866,459	\$ 19,045,387	\$ 17,221,119	\$ 20,171,973

Modified Accrual Basis of Accounting				
2011	2010	2009	2008	2007
\$ 9,066,719	\$ 8,683,160	\$ 8,190,447	\$ 8,263,411	\$ 8,057,588
64,507	68,516	50,584	42,897	36,091
8,558,494	8,413,783	9,044,854	8,489,666	7,730,963
11,485	11,300	9,545	8,620	6,765
775,739	777,488	814,345	764,009	742,796
324,764	380,729	574,171	877,259	735,537
436,669	288,627	281,838	448,403	329,028
19,238,377	18,623,603	18,965,784	18,894,265	17,638,768
3,755,661	3,627,043	3,485,693	3,299,671	3,219,043
1,422,596	1,598,101	1,690,163	1,796,148	1,626,213
2,219,276	2,209,116	2,369,247	2,512,673	2,498,244
6,012,662	982,492	802,725	828,358	691,064
55,000	5,659,467	4,497,799	5,367,095	4,228,892
737,073	703,160	688,163	653,742	678,940
1,808,074	1,711,275	1,818,582	1,658,726	1,535,609
29,905	32,167	30,987	34,327	30,618
1,417,750	1,214,794	6,153,935	10,840,840	2,040,586
1,023,859	1,022,291	873,411	715,927	509,805
\$ 18,481,856	\$ 18,759,906	\$ 22,410,705	\$ 27,707,507	\$ 17,059,014

SIOUX COUNTY
Schedule of Findings
Year Ended June 30, 2016

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Instances of Noncompliance

No matters were reported.

There were no prior year audit findings.

Material Weakness

2016-001: Financial Reporting – Material Adjusting Journal Entries

Condition and Criteria – We identified material amounts of receivables, payables and capital asset additions not recorded in the County's financial statements which were proposed and posted to the fund financial statements by management in order for the financial statements to be in conformity with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the County implement procedures to ensure all receivables, payables and capital assets are identified and recorded in the County's financial statements.

Views of Responsible Officials – County management will continue to monitor this process on a regular basis and work to implement procedures to ensure the financial statements are properly reported.

SIOUX COUNTY
Schedule of Findings
Year Ended June 30, 2016

Part III: Other Findings Related to Required Statutory Reporting

III-A-16 Certified Budget

Condition and Criteria – County expenditures during the year ended June 30, 2016, exceeded amounts budgeted in the debt service function.

Effect – The County is not in compliance with Chapter 331.435 of the Code of Iowa.

Cause – The County approved two budget amendments on November 5, 2015 and April 26, 2016. With limited personnel and time constraints, the County inadvertently omitted some items from the preparation of their budget amendment.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials – The budget will be amended in the future, if applicable.

III-B-16 Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

III-C-16 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

III-D-16 Business Transactions – Business transactions between the County and County officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction/Description</u>	<u>Amount</u>
VanMaanen's Radio Shack, Owned by father of IT employee Micah VanMaanen	Supplies, Licensing Contract	\$ 16,125 (1)

- (1) This transaction may represent a conflict of interest and the County should contact legal council for determination as per Chapter 331.342 (j) of the Code of Iowa. Per County management it was noted that the County's board did approve the transactions.

III-E-16 Bond Coverage

Condition and Criteria – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Effect – The County is not in compliance with Chapter 64.12 of the Code of Iowa.

Cause – The County has paid for surety bonds for township clerks, but did not request reimbursement from each township. In accordance with Chapter 64.12 of the Code of Iowa, bonds are required to be paid for by the townships.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Views of Responsible Officials – We feel the amount each township owes is minimal and therefore, it is not worth the time it would take to figure and bill each township.

SIOUX COUNTY
Schedule of Findings
Year Ended June 30, 2016

Part III: Other Findings Related to Required Statutory Reporting – Continued

III-F-16 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2016 for the County Extension Office did not exceed the amount budgeted.

III-G-16 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

III-H-16 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12b and 12c of the Code of Iowa and the County's investment policy were noted.

III-I-16 Board Minutes – No transactions were found that we believe should have been approved in the board minutes but were not.

III-J-16 Emergency Management Certified Budget

Condition and Criteria – Disbursements for the year ended June 30, 2016 exceeded the amount budgeted.

Effect – The County is not in compliance with Chapter 331.435 of the Code of Iowa.

Cause – A budget amendment was not prepared by the County prior to actual expenditures exceeding budgeted amounts.

Recommendation – The budgets should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials – We will amend the budgets when required in the future.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Sioux County, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sioux County, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Sioux County Iowa's basic financial statements and have issued our report thereon dated March 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sioux County, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sioux County, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sioux County, Iowa's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described as item 2016-001 in the accompanying schedule of findings that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sioux County, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sioux County, Iowa's Response to Findings

Sioux County, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings. Sioux County, Iowa's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sioux County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
March 6, 2017